

Assembly Bill No. 1321

Passed the Assembly June 5, 2003

Chief Clerk of the Assembly

Passed the Senate September 4, 2003

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2003, at _____ o'clock __M.

Private Secretary of the Governor

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CHAPTER _____

An act to amend Section 20235 of the Government Code, relating to the Public Employees' Retirement System, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1321, Oropeza. The Public Employees' Retirement System: reports to contracting agencies.

Existing law requires the Board of Administration of the Public Employees' Retirement System to submit a quarterly review of the system's assets, as specified, to the Legislature. Funds paid to the retirement system are deposited in the Public Employees' Retirement Fund, a continuously appropriated fund.

This bill would also require the board to make that review available to each contracting agency. The bill additionally would require the board to submit to each contracting agency, if requested by the agency, a quarterly report of the assets, contributions, earnings, and administrative costs with respect to the system of the contracting agency or of the risk pool in which the contracting agency participates. The bill would authorize the board to assess a fee on the requesting agency, not to exceed \$1,500 quarterly, as specified, and would require the agency to provide a copy of any report, upon request, to the representative employee organization. Because the fee imposed by the bill would be paid into the Public Employees' Retirement Fund, the bill would make an appropriation.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 20235 of the Government Code is amended to read:

20235. (a) The board shall submit a review of this system's assets to the Legislature on a quarterly basis. The report shall also be made available to all contracting agencies. The report shall:

(1) Discuss this system's portfolio and contain the following information:



(A) Concentration, current holdings at cost and market value, of equities.

(B) Concentration, current holdings at cost and market value, of fixed income instruments.

(C) Current holdings at cost and market value of real estate equities.

(D) Current holdings at cost and market value of mortgages.

(E) Options and forward commitments.

(F) Cash and cash equivalents.

(2) Disclose the following information on the rate of return of the fund by type of asset:

(A) Time-weighted return on a five-year, three-year, two-year, and one-year basis.

(B) Dollar-weighted return on a five-year, three-year, two-year, and one-year basis.

(C) Summary of performance of an alternative theoretical portfolio containing all investments and performance of comparable universes and other indexes.

(b) Upon written request from a contracting agency that does not participate in a risk pool, the board shall submit additional quarterly reports to the contracting agency as described in this subdivision. For the first quarter of the fiscal year, the report shall be submitted within 120 days after the end of the quarter and shall contain the agency's beginning balance for the fiscal year. For the second and third quarters of the fiscal year, the report shall be submitted to the contracting agency within 90 days after the end of the quarter. For the fourth quarter of the fiscal year, the report shall be submitted within 180 days after the end of the quarter and shall contain the agency's balance as of the end of the fiscal year. The report shall include, but need not be limited to, the following:

(1) All contributions made to the system by the contracting agency and its employees. The contributions shall be reported as the amounts paid and the amounts due from the contracting agency for both employer contributions and employee contributions.

(2) All benefits paid by the system to members of the contracting agency and their survivors and beneficiaries, including payments on account of pension, death, and disability benefits, and withdrawals of contributions. The benefits shall be reported as the total monthly allowances paid to retirees,



survivors, and beneficiaries; the amount of total refunds paid; and the amount of any other lump sums paid.

(3) An amount that represents any miscellaneous adjustments, including transfers in and out.

(4) That quarter's portion of the agency's estimated share of the system's administrative costs that shall be assessed at the end of the fiscal year.

(5) The rate of return for the system during the quarter as reported to the board by the investment committee.

(6) The estimated interest applied to the agency's account as determined by the system. For purposes of this paragraph, the "estimated interest applied" means the estimate of the annual net earnings, as defined in Section 20052, and is subject to adjustment at the end of the fiscal year based on the actual dollar-weighted amount of investment return that shall be credited to the agency's account for the fiscal year. The report for the fourth quarter of the fiscal year shall also include the actual dollar-weighted amount of investment return for the fiscal year that shall be credited to the contracting agency's account.

(c) Upon written request from a contracting agency that does participate in a risk pool, the board shall submit to the contracting agency quarterly reports that reflect the total contributions made to the system by agencies in the risk pool, the total benefits paid by the system with respect to the risk pool, the total estimated share of administrative costs for the risk pool, and the total estimated share of investment returns for the risk pool.

(d) A contracting agency requesting quarterly reports pursuant to subdivision (b) or (c) shall pay a fee, in an amount determined by the board, not to exceed one thousand five hundred dollars (\$1,500) quarterly per agency while the manual process of collecting the information is in use.

(e) Any report received by a contracting agency pursuant to this section shall be made available by the agency to any employee organization that represents the agency's employees and that requests a copy of the report.



Approved _____, 2003

Governor

